

TRANSPORTATION
AND
COMMUNICATIONS

TRANSPORTATION AND COMMUNICATIONS

In 2003, the UN and World Bank estimated that transportation and communications in Iraq would require a \$3.38 billion investment.³³⁴ Security continues to pose a significant threat to reconstruction in this sector. In the telecommunications subsector, the most significant development this quarter is the Iraqi Media Communication Commission's announcement of a national mobile phone license auction.

Shipping

The number of vessels berthed at the Umm Qasr Port averaged 26 per week this quarter, a significant increase from the weekly average of 18.5 reported last quarter.³³⁵

Railway

Poor security conditions continue to hinder the flow of rail traffic in Iraq, particularly in the important Latifiyah area south of Baghdad. There has been no traffic over the Latifiyah Bridge since its repair last quarter,³³⁶ and on July 4, 2007, insurgents struck the bridge.³³⁷

Aviation

Total non-military take-offs and landings at Iraqi airports this quarter averaged 2,389 per week.³³⁸ From May 2006 to May 2007, the average for civilian take-offs and landings in Iraq was 2,734 per week—a significant increase from 1,537 per week in the previous 12-month period. Most of the air traffic is directed by Iraqi controllers at four civilian airports: Baghdad, Basrah, Erbil, and Sulaymaniyah.³³⁹

Roads and Bridges

The security situation poses a major threat to road and bridge projects. In Baghdad, five bridges were damaged by insurgent attacks between April and June. As a result, the GOI has prohibited oil tankers and other heavy trucks from crossing 11 of Baghdad's 13 bridges.³⁴⁰

Telecommunications

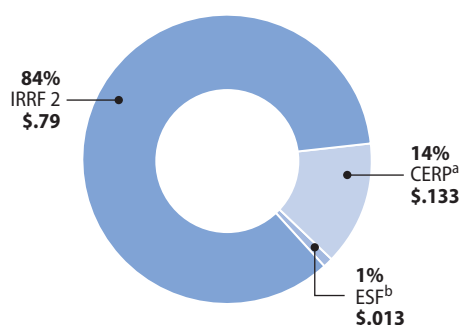
The GOI is currently preparing for an auction of three national mobile phone licenses. The auction is now scheduled to occur in Amman, Jordan, in mid-August.³⁴¹ The private sector has invested more than \$1 billion in wireless telecommunication; however, “investors

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FIGURE 2.65

ALLOCATIONS TO TRANSPORTATION AND COMMUNICATIONS
\$ Billions, % of \$.94 billion
Sources: DoS, *Iraq Weekly Status* (6/27/2007); MNC-I, Response to SIGIR (7/7/2007); IRMS, *ESF Economic Track Summary* (7/5/2007)



Note: Numbers are affected by rounding.

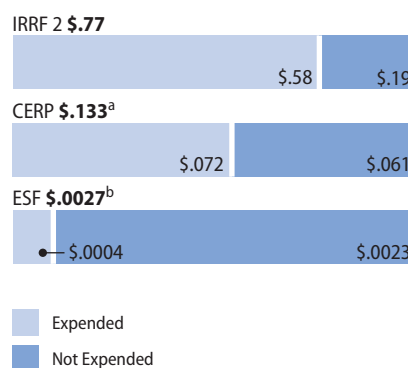
a. Allocation detail at the sector and subsector level for CERP is currently unavailable; therefore, the percentages for CERP are calculated using FY 2006 and FY 2007 dollars obligated.

b. FY 2006 Supplemental Funds (P.L. 109-234).

FIGURE 2.66

STATUS OF OBLIGATIONS FOR TRANSPORTATION AND COMMUNICATIONS

\$ Billions, \$.91 Billion Total
Sources: DoS, *Iraq Weekly Status* (6/27/2007); MNC-I, Response to SIGIR (7/7/2007); IRMS, *ESF Cost to Complete* (7/5/2007)



Note: Numbers are affected by rounding.

a. FY 2006 and FY 2007.

b. FY 2006 Supplemental Funds (P.L. 109-234).

remain wary due to poor security and the continuing need for a strong legal framework.³⁴² In addition, the State Company for Internet Services (SCIS) has invited leading Internet service providers to participate in an investment license to provide dial-up, DSL, wireless, voice-over IP, and WiMax access.³⁴³

U.S. Support

Construction projects in this sector aim to improve transportation systems in Iraq, such as ports, railways, roads, bridges, and airports. This sector also includes U.S.-funded telecommunications projects. Figure 2.65 shows the sources of funding in this sector.

As of June 27, 2007, 73% of the \$798 million in IRRF funds allocated to this sector had

been expended. Of the \$.13 billion in total CERP allocations, 54% has been expended. Of the \$285 million programmed for O&M sustainment from ESF's FY 2006 Supplemental funding, approximately 5% (\$13 million) was allocated for projects in transportation and communications. GRD has committed 100% of these funds, obligated 21%, and expended 3%.³⁴⁴ The ESF Capacity Development and Technical Training program also provides an additional \$8 million for transportation and communication projects.

Figure 2.66 shows the status of all sector funds that have been obligated to date.

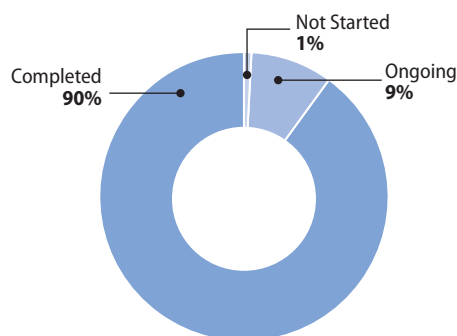


FIGURE 2.67

STATUS OF IRRF 2 PROJECTS - TRANSPORTATION AND COMMUNICATIONS

TOTAL NUMBER OF PROJECTS: 546

Sources: IRMS, ITAO* Rollup (6/29/2007); USAID, Activities Report (7/12/2007)



Note: Numbers are affected by rounding.

* By Executive Order, on May 8, 2007, the President created ITAO as the successor organization to the IRMO.

Project Type	Not Started	Ongoing	Completed	Total
Roads and Bridges	4	35	246	285
Railroad Rehabilitation and Restoration		1	96	97
Consolidated Fiber Network			95	95
Telecommunications Business Modernization		1	32	33
Civil Aviation		5	15	20
Umm Qasr Port Rehabilitation		1	9	10
Expressways		4		4
Telecommunications Operations/Regulatory Reform			1	1
Telecommunications Systems		1		1
Total	4	48	494	546

IRRF

IRRF construction in this sector is expected to be completed by December 2008.³⁴⁵ Of the total sector projects, 90% are currently complete. For the status of projects funded by IRRF 2, see Figure 2.67.

Shipping Projects

The IRRF shipping program was originally scheduled to be completed by February 2007; however, the last port project is now expected to be complete in September 2007. A SIGIR project assessment found that security upgrades at the Port of Umm Qasr met construction standards.³⁴⁶

This quarter, GRD reported that all port projects have been completed except for the RO-RO (roll-on, roll-off) berth facility and providing the electrical supply to the Nelcon cranes. As of June 30, 2007, the **Nelcon cranes**

refurbishment project was 97% complete.³⁴⁷

In addition, construction of the **RO-RO berth facility** is still in progress, and completion is expected by September 3, 2007. A RO-RO berth allows ships to quickly berth and offload cargo from its ramps without cranes.³⁴⁸ This project encountered early delivery delays of equipment from outside the country.³⁴⁹

Railway Projects

U.S. projects have completed repairs at 96 of 98 railway stations, as of June 30, 2007.³⁵⁰ For the railway station projects by location, see Figure 2.68.

In other construction activities, rehabilitation of the **Basrah Railway Station**, valued at \$187,000, was completed on June 13, 2007. The project scope included rehabilitation throughout the building.³⁵¹

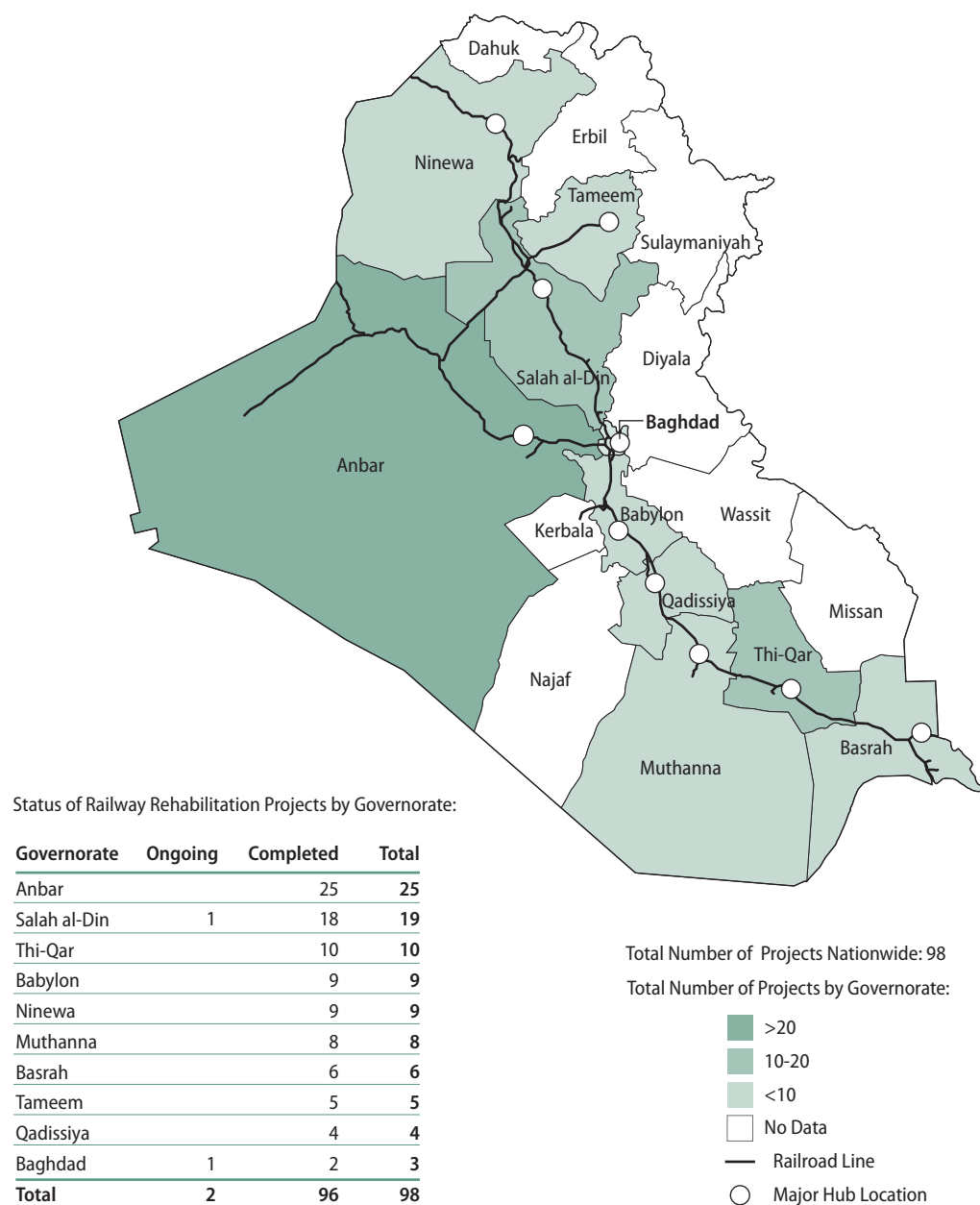
In July 2006, a SIGIR project assessment



FIGURE 2.68

RAILROAD STATION REHABILITATION PROJECTS BY GOVERNORATE

Source: IRMS, ITAO* Rollup (6/29/2007)



* By Executive Order, on May 8, 2007, the President created ITAO as the successor organization to the IRMO.



STATUS OF U.S.-LED PROJECTS AT IRAQI AIRPORTS, AS OF 6/30/2007

AIRPORT	CONTRACT SIZE	NUMBER OF PROJECTS	ESTIMATED COMPLETION DATE	STATUS
Baghdad	\$17 million	7	October 2006	100% Complete
Basrah	\$25 million	10	February 2008	99% Complete
Mosul	\$10 million	1	September 2006	100% Complete

Source: GRD, response to SIGIR, July 19, 2007.

TABLE 2.14

at the **Baghdad Railway Station** found that although most project components met standards, the construction design was not complete.³⁵²

In addition to railway station rehabilitation, funding allocated to this subsector has been used for materials and equipment. Phase I of the **Communications-Based Train Control System (CBTC)** will provide the Iraq Republic Railway with a train-control system to track the movement of all locomotives on the rail system. The project is currently 90% complete and is expected to be finished by September 2007. Phase II, which is 88% complete, will provide a \$41.6 million Digital Microwave Radio Communications Network (also referred to as the **CBTC-backbone**). This phase is scheduled to be completed by May 31, 2008.³⁵³

Aviation Projects

The Air Systems Commissioning Flight Inspection has been completed at the **Baghdad International Airport (BIAP)**, allowing flights to land and depart with less-than-visual flight conditions. After 18 months of outage, radar service was restored, and training for the first class of BIAP air traffic controllers was com-

pleted last quarter.³⁵⁴ However, a SIGIR project assessment last quarter found that of the 17 new generator sets, valued at \$11.8 million, 10 were not operational.³⁵⁵

This quarter, construction projects continued at the **Basrah International Airport (BIA)**. The terminal and tower renovation project is 95% complete.³⁵⁶ The remaining BIA projects are scheduled to be delivered by September 2007, except for the new radar system, which is expected to be complete in February 2008 because of longer-than-anticipated manufacturing time for the radar.³⁵⁷

Last July, a SIGIR project assessment found that although construction of the terminal and tower renovation at BIA met contract requirements, the stated objective was not met.³⁵⁸

Table 2.14 summarizes the work done at the Baghdad, Basrah, and Mosul airports.

Roads and Bridges

U.S.-funded projects in this subsector are on schedule to finish in December 2008. The projects have focused on small village roads, several key highways, and bridges.³⁵⁹

The highway between Baghdad and Kirkuk will be upgraded to four lanes by December



2008. Also, Diwaniya and Samarra will be connected by an upgraded four-lane highway. This \$15.5 million project is scheduled to be completed in January 2008. The project is now 38% complete.³⁶⁰

The **Village Roads Program**, budgeted at \$38.5 million, plans to improve 424 miles of roads throughout 15 governorates in Iraq.³⁶¹ Originally scheduled to be completed by August 2006,³⁶² the program completion was delayed because of security problems and a shortage of fuel and bitumen.³⁶³ This quarter, GRD reported further delays, and the current estimated completion date for the program is now December 31, 2007.³⁶⁴

Previously, SIGIR project assessments found that both the Ninewa Village Roads Segment 3 and the Muthanna Village Roads Segment 4 were not adequately designed,³⁶⁵ but the Thi-Qar Village Roads Segment 3 project was adequately completed to contract specifications.³⁶⁶

Of the 56 Provincial Reconstruction Development Committee (PRDC) projects in this sector, valued at \$56.5 million, 33 have been completed, as of June 30, 2007. GRD reported that eight PRDC projects, including three road projects and five street projects, have been completed since last quarter.³⁶⁷

Telecommunications

The **Iraq Telecommunications and Postal Commission (ITPC)** modernization effort includes 34 projects to construct and renovate post offices. These projects were scheduled to finish in July 2007,³⁶⁸ but GRD reported this

quarter that one post office project will not be completed until August 30, 2007.³⁶⁹

Personnel from the Iraqi Telephone and Postal Company concluded a five-day training program in the United Arab Emirates, sponsored by ITAO. The program included training in international postal organizations, operations and policies, parcel inspections and delivery, postal management, and auditing.³⁷⁰

The Iraqi Telecommunications System was allocated \$47 million from the IRRF. The funding has been used to construct a **primary switching facility at Al-Maimouna** and a **wireless broadband network (WBBN)**. As of June 30, 2007, the \$26 million switch facility was 22% complete and was estimated to be finished by September 2007.³⁷¹ However, GRD later reported that a 200-day extension was issued for the project, and the estimated project completion date is now February 2008.³⁷² The WBBN project, valued at \$1.9 million, was completed in March 2007.³⁷³

To modernize the Iraq telecommunications operations system and to support a new regulatory agency, the **Communications and Media Commission (CMC)** was allocated \$20 million.³⁷⁴ Phase 1 of the Strategic Development Training for CMC staff, valued at \$2.4 million, began in January 2007 and is 10% complete. In addition, purchase and installation of the High-speed Data Network for the CMC (\$4.7 million) is 40% complete.³⁷⁵

This quarter, USAID released an audit report on the **Consolidated Fiber Network (CFN)** project. Valued at \$46.1 million, the project was intended to provide fiber-optic



material and construction equipment, employ 1,000 Iraqis, and improve the voice transmission network to benefit approximately 10 million Iraqis. The audit found that, although USAID provided equipment, there was not sufficient documentation to demonstrate that 1,000 Iraqis were employed. In addition, the goal of serving 10 million people was not reached because the Ministry of Electricity and the ITPC had not made full use of the CFN.³⁷⁶

CERP

CERP FY 2006 and FY 2007 funds represent 14% of the total U.S. funds for transportation and communication reconstruction in Iraq and 13% of the total CERP funds for reconstruction in Iraq. These sources fund 840 transportation projects and 116 telecommunications projects overseen by MNC-I. For the status of CERP-funded projects, see Figure 2.69.

In Falluja this quarter, 15 CERP projects are programmed to spend more than \$5 million

to improve commerce in the city, including 4 railway projects to repair track and ties.³⁷⁷ In Mosul, 4 ongoing CERP projects are improving the transportation system, and 52 projects, valued at \$3.8 million, have been completed.³⁷⁸

In Samarra, \$1.4 million of the CERP is used for the transportation system, and in Kirkuk, more than \$5 million is used for transportation projects.³⁷⁹ In Ramadi, \$672,000 of CERP funds are being used to construct Riverside Road, which runs along the Euphrates River.

In addition, two railway projects funded by CERP are currently in construction in Falluja to repair tracks and railroad ties. The projects are 44% and 38% complete, respectively, and both are scheduled to finish in September 2007.³⁸⁰

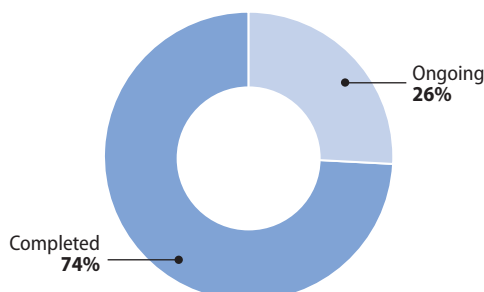
As the project profile of CERP grows within the U.S. reconstruction program in Iraq, so has the average dollar value per CERP transportation and communications project. Figure

FIGURE 2.69

STATUS OF CERP FY 2006 AND FY 2007 PROJECTS - TRANSPORTATION AND COMMUNICATIONS

TOTAL NUMBER OF PROJECTS: 956

Source: MNC-I, Response to SIGIR (7/7/2007)



Project Type	Ongoing	Completed	Total
Transportation	225	615	840
Telecommunications	27	89	116
Total	252	704	956

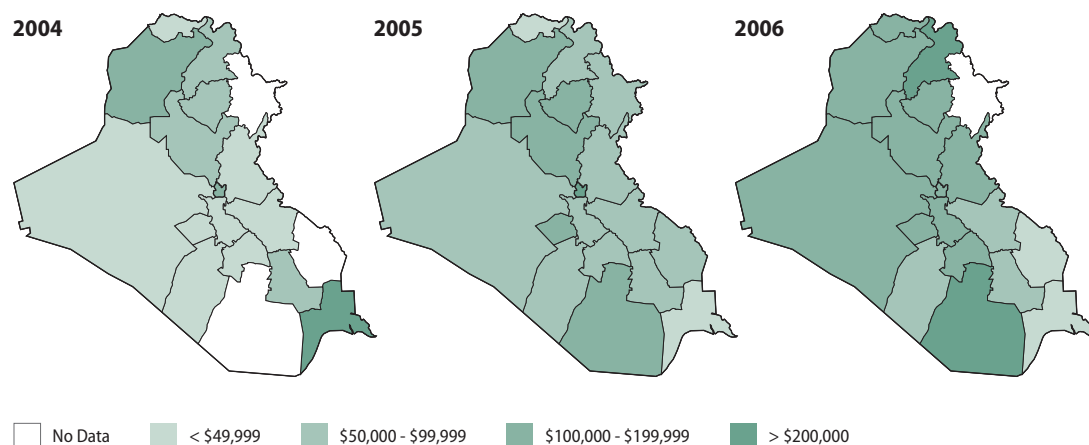
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FIGURE 2.70

AVERAGE VALUE PER CERP TRANSPORTATION AND COMMUNICATIONS PROJECT BY GOVERNORATE

Source: IRMS, CERP Excel Workbook (6/29/2007)



Note:

Data is compiled using FY 2004, FY 2005, and FY 2006 CERP funds. The years indicated correspond to the actual start dates of the projects.

2.70 shows that the average value per project has steadily increased since 2004. In 2006, the average value per CERP transportation and communications project reached \$135,000—nearly double the average value in 2004.

Other ESF-funded projects in this sector include on-the-job training for the BIAP area control, on-the-job training for air traffic control, and O&M for BIAP navigation aids.³⁸²

ESF

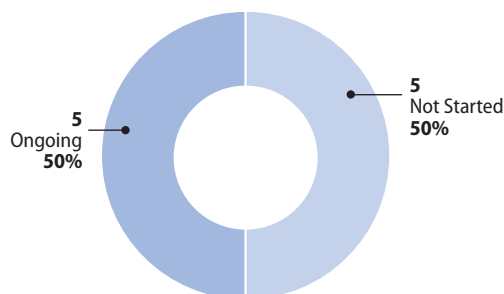
Figure 2.71 shows the status of ESF O&M Sustainment projects in transportation and communications that are funded from FY 2006 supplemental appropriations.

An example of an O&M sustainment effort in the telecommunication sector is the CFN Southern Euphrates fiber O&M project, a \$1.7 million effort that will provide fiber network O&M support to the ITPC. Also related to telecommunications, the \$1 million dollar contract to provide spare parts to the **Ministry of Communications/ITPC for a fiber backbone** was awarded on May 28, 2007.³⁸¹

FIGURE 2.71

STATUS OF ESF* PROJECTS TRANSPORTATION AND COMMUNICATIONS TOTAL NUMBER OF PROJECTS: 10

Source: IRMS, ESF Project Tracker (6/29/2007)



* Funded by the ESF FY 2006 Supplemental.